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Lake Champlain – Lake George Regional Planning Board

Special Meeting of the Board

August 28, 2020

9:00 am

Videoconference (per Executive Order 202.1)

AGENDA:

1. Roll Call
 2. Establish COVID-19 Small Business Recovery Program Revolving Loan Fund (RLF 5)
 3. Establish fixed interest rate and loan term for COVID-19 Small Business Recovery Program RLF
 4. Adopt Addendum to LCLGRP’s RLF Management Plan
 5. Extension of COVID-19 Business Interruption Micro-Loan Program
 6. Set new interest rate for COVID-19 Business Interruption Micro-Loan Program
 7. Adjourn
-

Chairman Dave O’Brien: I want to call the meeting to order. Can I have a roll call please?

Director Beth Gilles: I just hit record so everybody knows this is being recorded.

Glenn Cutter
Francis Peryea, here.
Patty Waldron, here.
Mark Henry
Kimberly Davis
Karl Weiss
Charles Harrington
Joe Giordano, here.
Ike Tyler
Shaun Gilliland
Mike Diskin
Jim Dougan
Clay Arsenault, here.
Steve Tomlinson, here.
Christy Wilt, here.



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Bill Farber, here.

Beth Hunt

Tracy Eldridge

Dennis Dickinson, joined at 9:07am.

Edna Frasier

John Strough, here.

Frank Thomas

Mike Swan

Kevin Hajos, joined at 9:08am.

Matthew Hicks, here.

Bob Henke

Dave O'Brien, here.

Sam Hall

Al Nolette

Deb Donohue, here.

Also present: Director Beth Gilles, LCLGRPB

Andrea Palmer, LCLGRPB

Carrie Yakush, LCLGRPB

1,2,3,4,5,6,7,8,9 voting members, so we're good to go.

Chairman Dave O'Brien: The purpose of this meeting is to establish a COVID Fund, Small Business Recovery Program for EDA. The fund is \$2.96 million, and I'll let Beth explain it all to you. And our purpose today is to establish that so we can start loaning money out to people. So, Beth roll it away please.

Director Beth Gilles: So, we have received a \$2.94 million grant from the EDA to establish what we're calling our Small Business Recovery Program Revolving Loan Fund, which we are internally going to call RLF5. And so, we'll get into what that's about when we talk about the addendum. But I'm asking the Board for a resolution first to establish that loan fund and then we'll talk about the terms for the fund.

John Strough: I'll make the motion, John Strough, to establish that loan fund.

Chairman Dave O'Brien: Motion by John. Do I have a second?

Patty Waldron: I'll second that motion. Patty Waldron, Clinton County.

Chairman Dave O'Brien: Patty seconds it. Any discussion?



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All in favor, we should do a roll call on this please.

Director Beth Gilles:
Francis Peryea: Yes.
Patty Waldron: Yes.
Joe Giordano: Yes.
Clay Arsenault: Yes.
Steve Tomlinson: Yes.
Christy Wilt: Yes.
John Strough: Yes.
Matt Hicks: Yes.
Dave O'Brien: Yes.

Chairman Dave O'Brien: Next purpose is to establish fixed interest rate and loan term for COVID-19 Small Business Recovery Program.

Director Beth Gilles: Dennis Dickinson is coming in. Hang on. He's in the waiting room. Hi Dennis.

Chairman Dave O'Brien: So, Dennis, to catch up with this, we just established the Small Business Recovery Program Revolving Loan Fund for \$2.94 million. And we're gonna talk about establish fixed interest rate and loan term for the Small Business Recovery Program. Beth, want to explain it to us please?

Director Beth Gilles: Yeah, Kevin Hajos just entered as well. Hi, Kevin.
Okay, so we had a Loan Administrative Committee meeting last Friday. I've had several conversations with loan committee members since then just trying to figure out what their recommendation was for, basically, the interest rate and the term for this loan fund. I do want to note that the EDA waived the regulations that regulates how low we can go with our interest rate. So, in having those conversations with the bankers and the community developers, they recommend 1.9% interest rate for up to seven years. So, it's actually the board of directors purview to decide what those rates are.

Chairman Dave O'Brien: It would also, the term of the loan is up to seven years but as importantly, as a max loan we're looking at right now is \$150,000. So the range is for what? \$25,000 to \$150,000?

Director Beth Gilles: Yes.
Yeah, the, especially the bankers on the committee thought that 1.9% for up to seven years was a fair, a fair loan amount, or fair terms for the loan, I should say.



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Chairman Dave O'Brien: And the objective for the first year is interest only?

Director Beth Gilles: Yeah, we'll get into that when we talk about the addendum. But, yes, interest only for the first year.

Chairman Dave O'Brien: Any questions for Beth?

Dennis Dickinson: No

Director Beth Gilles: Christy, do you want to say anything as the chair of the loan committee? You're muted.

Christy Wilt: I just want to say that you know, when we first started discussing the loan, you know, there were there were bankers in the room who were pretty concerned about the low interest rate. But Beth had come back around and stressed to everybody that the money needed to go out the door, and that it's not forever, you know. It's just at first and then as the money comes back in it would be loaned at our regular interest rate. So, in case anybody was wondering if they weren't comfortable with that low rate, they are now. So that's all I want to say.

Chairman Dave O'Brien: Part of it that plays a big factor in this, we received a grant of \$400,000 for the administration of the loan. So, we're not relying in the first few years on the interest rate paying our expenses. We have that money that's going to take care of it. I think that's an important factor that people need to understand. So we're going to use that \$400,000 to get additional help to the communities in different counties to organizations to help us promote this program and get the money out as quickly as possible.

John Strough: And if I might, it's, it's COVID related impacts. And it's to help assure business resiliency so it's all good stuff.

Chairman Dave O'Brien: So, I do have, I do have a question. Is, how are we going to make a determination whether these businesses are feeling an impact from COVID or there's other reasons that they have financial issues?

Director Beth Gilles: It'll all be part of the loan process. So, they still have to provide three years' worth of tax returns. They have to provide a narrative on how their business was negatively impacted by COVID. And they have to back up that narrative with financials that show that you know, it dropped off



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for them once COVID hit and they had to shut down. So, the EDA is very specific when they're dealing with their COVID related funding, and it's for economic injury as a result of COVID. So, if you were a struggling business 2,3,4 years before COVID, you have to show that COVID really had a significant impact on your business. And that's really the part of the loan committee team that we have and the people that we have on there are the ones that are going to go through all of the loan fund paperwork, which has a lot of paperwork, that's going to be required to be submitted, and make that determination whether they qualify for the program or not.

Chairman Dave O'Brien: Any other questions or comments?

I'd like to entertain, entertain a motion to accept the fixed interest rate of 1.9% with a loan term of seven years?

Dennis Dickinson: I'll make it.

Chairman Dave O'Brien: Dennis Dickinson. Do I have a second?

John Strough: I'll second, John Strough.

Chairman Dave O'Brien: John Strough seconds.

You probably should do a roll call also, Beth.

Director Beth Gilles: Okay.

Francis Peryea: Yes.

Patty Waldron: Yes.

Joe Giordano: Yes.

Clay Arsenault: Yes.

Steve Tomlinson: Yes.

Christy Wilt: Yes.

Dennis Dickinson: Yes.

John Strough: Yes.

Matt Hicks: Yes.

Dave O'Brien: Yes.

Okay, great.

Chairman Dave O'Brien: We all have to adapt the addendum to the RLF Management Plan. Beth sent it out with the package and put it together. Do you want to explain it Beth?



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Director Beth Gilles: Sure. So, the EDA has asked us to put together an addendum to our RLF management plan because some of the terms that we use for our normal RLF funds are going to change for this specific program. So, the addendum identifies those specific things that are going to change. So just to go through it really quick. The funding of this program is either for economic injury, which is working capital loans, or it's for future resiliency. They can purchase supplies, any PPE, a lot of the hotels are using these wands that you can clean your lobby with that, you know, mutate the virus, so it can't, it can't reproduce. Or if they have to do any kind of like facility upgrades. So, if someone came to us and said, hey, we have to upgrade our HVAC to comply with regulations that are being put on us funding like that. That's what this money is used for. We'd like to set the minimum and maximum at \$25,000. Our normal RLF is \$20,000. We have an existing Micro Loan program that we'll talk about afterwards, which is \$5000 to \$25,000. So, we thought to keep this in concert we go \$25,000 to \$150,000. The credit not otherwise available regulation from the EDA has been waived. Which means for this program, they do not have to have a letter from a bank that says that they've been denied conventional financing. Just establish the interest rate, the EDA waived the regulation of how low we could go with our interest rates. There's going to be no closing fee, there's going to be no cash equity requirement. They're going to be provided 12 months of interest only payments. Repayment term, we just established that seven years and there's no application fee either. And the other big requirement that the EDA waived is leveraging of additional funds. So for each one of our RLF's portfolio-wide, there's a requirement that for every RLF dollar loaned, \$2 of additional capital has been leveraged, they waive that requirement, which basically means that a business doesn't have to put in additional money into the project to be able to get the COVID funding. We did still stress job retention, but we're not we're not stressing job creation with this funding. So that's in there as well. The loan processing procedures, the only thing that's really changed for that is that they have to put in a narrative as well to how they were negatively affected by COVID, or how this money is going to help them comply with any kind of COVID regulations or anything that's been put on them. The other big change is in our normal RLF fund, we require the borrower to pay all of the closing fees out of pocket. And with this fund, the net loan proceeds will actually be adjusted to reflect the required borrower fees. So, we're basically going to pay the closing cost out of the funds so that there's not that 2,3,4 thousand dollars of cash out of the borrower's pocket.

And those are the big, the other big change, as Dave mentioned, we've received a grant for \$294,000 from the EDA for the next two years to help cover our administration. So, we're not going to be taking the interest income like we usually do to help cover overhead. But that's for the first two years, once that grant expires on 7/1/2022, then we will begin taking 75% of the interest income, which is what we do with our normal revolving loan funds. And then also, as Christy mentioned, this addendum and everything we're doing here is for what the EDA calls the Disbursement Phase, which is only the first \$2.94 million in funding and going out in loans. Once the loans start coming back and get into what they



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call the Revolving Phase. It then turns into a normal revolving loan fund for us and we loan it out in a manner we would loan or other loan funds out.

Chairman Dave O'Brien: So essentially, what you're saying Beth, is after the first two years, as we start loaning out, the money that comes back in, we revert to our actual RLF conditions where they need to be turned down from the bank, and the other fees are still charged.

Director Beth Gilles: Yes. And the interest rates five to six and a half percent. And you can do things like startups and things like that which we're not looking at with funding in this initial disbursement phase. So because the EDA requires that the board approves the revolving loan fund management plan they're asking that, well I'm asking, that the Board approve the addendum so I can submit it to EDA so that they can then approve it.

Chairman Dave O'Brien: Any questions for Beth?
Entertain the motion to adopt the addendum to the RLF Management Plan?

Dennis Dickinson: So moved.

Chairman Dave O'Brien: Dennis Dickinson. Do I have a second?

Joe Giordano: Joe Giordano seconds.

Chairman Dave O'Brien: Joe Giordano seconds. Roll call on this one also please.

Director Beth Gilles:
Francis Peryea: Yes.
Patty Waldron: Yes.
Joe Giordano: Yes.
Clay Arsenault: Yes.
Steve Tomlinson: Yes.
Christy Wilt: Yes.
Dennis Dickinson: Yes.
John Strough: Yes.
Matt Hicks: Yes.
Dave O'Brien: Yes.



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Chairman Dave O'Brien: Okay, carried.

Next, extension of the COVID-19 Business Interruption Micro-Loan Program. If you remember we were using, we were able to use some the funds in the RLF4 which is our main program that we got for Irene, and we can do it out there, we've been loaning some out, but we also want to do some more loans on this. And Beth, would you please talk about that?

Director Beth Gilles: Sure. So back in, I think it was April, we put together what we call our COVID-19 Business Interruption Micro-Loan Program. So those were \$5,000 to \$25,000 loans, that businesses that needed working capital, they're working capital only, could apply for. We've only given one loan so far, which has been to George Henry's in Warrensburg in Warren County. We put, when we established the fund, we put a program end date September 30 on it, and we would like to extend that to April 30. And the reason is because when we first established the program, we were operating it as it would still be a normal RLF and we had it at 5% interest rate. Since then the EDA has come out with a ruling that says any loans we give, they will waive the interest rate regulation until May 6, 2021. So, the two things I wanted to ask is: A) If we could extend our program from September 30 to April 30, and then B) If we could reduce the interest rate for that program from 5% to 1.9%, like we just did for the other one, so the two can really work in concert with each other. If someone comes in and only needs 10,15, \$20,000, we would put them in the Micro-Loan Program. If someone needs a more significant amount of money, they would go into the larger program that we just established, and it was just really reduce confusion. And I think it would be more palatable for people to want to take loans out even at the micro-loan level.

Chairman Dave O'Brien: And remember the Irene RLF4 fund we can only use for Irene, and COVID. So, if we don't loan this out, it just sits there, or they may take it back. But I think it's a good thing if we loan that money out to help some smaller businesses at small levels too, so. Anything else, Beth?

Director Beth Gilles: No. That was it. So just to extend the program to April 30, 2021. If the board could do a motion for that and then also a motion to set the new interest rate at 1.9%.

John Strough: Can we do a motion for both at the same time?

Director Beth Gilles: Sure.

John Strough: I'll do that. I'll make a motion to amend the COVID-19 Business Interruption Micro-Loan Program allowing an extension to April 30, 2021 and reduce the interest rate from 5% to 1.9%.

Dennis Dickinson: I'll second that.



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Chairman Dave O'Brien: Motion by John second by who?

Director Beth Gilles: Dennis.

Chairman Dave O'Brien: Any further discussion?
We should do a roll call on this one too please, Beth.

Director Beth Gilles:
Francis Peryea: Yes.
Patty Waldron: Yes.
Joe Giordano: Yes.
Clay Arsenault: Yes.
Steve Tomlinson: Yes.
Christy Wilt: Yes.
Dennis Dickinson: Yes.
John Strough: Yes.
Matt Hicks: Yes.
Dave O'Brien: Yes.

Chairman Dave O'Brien: Carried.
Any other discussion on anything?

Director Beth Gilles: Nope. That was it for us.

Chairman Dave O'Brien: Motion to adjourn.

Dennis Dickinson: So moved.

Chairman Dave O'Brien: Moved by Dennis. Do I have a second?

Patty Waldron: Second.

Chairman: Patty? Okay, Second. All in favor?

Multiple people: Aye, aye, aye, aye...



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Chairman Dave O'Brien: Thank you all for your time. We appreciate that and hope to get this out. I do remind people this is risky loans. So, we hope to get it all back but we also hope that a lot of companies successfully recover and keep activity to local areas. Thank you.

Director Beth Gilles: Thanks everyone. Appreciate it.

Respectfully submitted by Carrie Yakush, Senior Account Clerk, LCLGRPB.